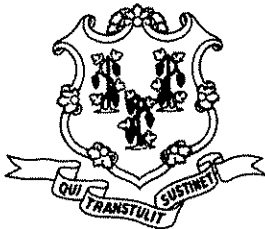


Connecticut General Assembly



OFFICE OF FISCAL ANALYSIS

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April 13, 2009

PRELIMINARY FISCAL NOTE FOR APPROPRIATIONS COMMITTEE

SR 13 and HR 16 RESOLUTION APPROVING AN ARBITRATION AWARD BETWEEN THE STATE OF CONNECTICUT AND THE CONNECTICUT EMPLOYEES UNION INDEPENDENT, INC. (CEUI), NP-2 BARGAINING UNIT.

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SR-13 and HR-16 -RESOLUTION APPROVING AN ARBITRATION
AWARD BETWEEN THE STATE OF CONNECTICUT AND THE
CONNECTICUT EMPLOYEES UNION INDEPENDENT, INC. (CEUI),
NP-2 BARGAINING UNIT.

PRELIMINARY

OFA Fiscal Note

State Impact:

| Agencies Affected | Fund-Effect | FY 09 \$ | FY 10 \$ | FY 11 \$ | FY 11 \$ Annualized |
|----------------------|-------------------------------|------------------|-------------------|-------------------|------------------------|
| Various | General Fund - Cost | 2,135,900 | 7,191,100 | 12,419,200 | 13,459,100 |
| Various | Transportation Fund - Cost | 1,838,584 | 6,313,955 | 10,966,746 | 11,817,554 |
| Various | Other Funds - Cost | 611,825 | 2,144,819 | 3,678,336 | 3,930,166 |
| Various | TOTAL COST | 4,586,309 | 15,649,874 | 27,064,282 | 29,206,820 |

Explanation

This arbitration award for the Maintenance and Service (NP-2) bargaining unit is submitted for approval for the three-year period July 1, 2008 through June 30, 2011. There are 4,211 full-time employees in this bargaining unit, including 2,012 General Fund employees, and 1,551 Transportation Fund employees. Cost details are included below.

This is the first bargaining unit to receive a 0% General Wage Increase in FY 09. The award provides 3% General Wage Increases in FY 10 and FY 11. It also provides on-time Annual Increments in each year of the award. The 2007-2009 Biennial Budget includes sufficient funding in the Reserve for Salary Adjustments account to cover the FY 09 costs of this award.

Primary Analyst: LG
Contributing Analyst(s):

4/9/09

Cost Estimate of Award**All Funds**

Maintenance and Service (NP-2) Bargaining Unit

Agencies Affected: Various

Term of Contract: Three years, July 1, 2008 through June 30, 2011

Number of Full-Time Employees Affected by Contract:

| | |
|--------------|---------------------|
| 2,012 | General Fund |
| 1,551 | Transportation Fund |
| <u>648</u> | <u>Other Funds</u> |
| 4,211 | All Funds |

Average Full-Time Salary Data:

| Percent Increase (Cash Basis) | | | | | |
|-------------------------------|-----------|-------|-----------------------------|------------------------------------------|-------|
| Cash | | | General Wage Increase | Annual Increments and Lump Sums | Other |
| | Salary | Total | | | |
| Prior to Contract | \$ 47,980 | | | | |
| 1st Year of Contract (FY 09) | 48,442 | 0.96% | 0.00% | 0.95% | 0.01% |
| 2nd Year of Contract (FY 10) | 50,163 | 3.55% | 2.73% | 0.75% | 0.07% |
| 3rd Year of Contract (FY 11) | 51,844 | 3.35% | 2.69% | 0.65% | 0.01% |

| Percent Increase (Annualized Basis) | | | | | |
|-------------------------------------|-----------|-------|-----------------------------|------------------------------------------|-------|
| Cash | | | General Wage Increase | Annual Increments and Lump Sums | Other |
| | Salary | Total | | | |
| Prior to Contract | \$ 47,980 | | | | |
| 1st Year of Contract (FY 09) | 48,770 | 1.65% | 0.00% | 1.64%[1] | 0.01% |
| 2nd Year of Contract (FY 10) | 50,906 | 4.38% | 2.93% | 1.38% | 0.07% |
| 3rd Year of Contract (FY 11) | 53,010 | 4.13% | 2.90% | 1.21% | 0.02% |

[1] The percentage increase for FY 09 Annual Increments and Lump Sum Payments for employees at maximum only reflects the lump sum increase over FY 08, not the total lump sum cost in FY 09.

Cost Summary Data (Estimated):

| | Prior to Contract | At End of Contract Annualized | Percent Increase (3 years) |
|------------------------|----------------------|-------------------------------------|----------------------------------|
| Salaries[1] | \$ 202,044,518 | \$ 223,245,321 | 10.5% |
| Fringe Benefits[2] | | | |
| Value of Current Items | <u>\$ 80,837,477</u> | <u>\$ 84,573,058</u> | 4.6% |
| Total | \$ 282,881,995 | \$ 307,818,379 | 8.8% |

2.85% average per year (compounded)

[1] Salaries include base salary, longevity payments, lump sum bonuses for employees at maximum, meal allowances, shift and weekend differential payments, on-call/standby pay, hazardous duty pay, snow and ice removal premium pay, skill differentials, and safety shoe allowances.

[2] Fringe Benefits include Social Security, normal cost of pension contributions, health and life insurance, and Tuition Fund.

Detail of Cost Estimate

All Funds

| Contract Items [1] | FY 09 | FY 10 | FY 11 | FY 11 Annualized |
|----------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| First Year (FY 09) | | | | |
| 0% General Wage Increase | \$ - | \$ - | \$ - | \$ - |
| Annual Increments | 1,216,683 | 2,614,880 | 2,614,880 | 2,614,880 |
| 2.5% Lump Sum Bonuses for Employees at Maximum [2] | 2,404,316 | 2,404,316 | 2,404,316 | 2,404,316 |
| Increase Temporary Shift Differential from \$2/hour to \$4/hour, Effective 7/1/08 (24.3 pay periods) | 23,691 | 25,348 | 25,348 | 25,348 |
| Total First Year | \$ 3,644,689 | \$ 5,044,544 | \$ 5,044,544 | \$ 5,044,544 |
| Second Year (FY 10) | | | | |
| 3% General Wage Increase, Effective 7/1/09 (24.2 pay periods) | | \$ 5,600,620 | \$ 6,017,195 | \$ 6,017,195 |
| Annual Increments | | 1,128,838 | 2,426,540 | 2,426,540 |
| Lump Sum Bonuses for New Employees at Maximum | | 409,479 | 409,479 | 409,479 |
| Increase Shift Differential \$.05/hour, Effective 7/1/09 (24.2 pay periods) | | 58,776 | 63,148 | 63,148 |
| Increase Safety Shoe Allowance from \$125 to \$135, Effective 7/1/09 | | 36,880 | 36,880 | 36,880 |
| Increase Meal Allowance by \$1 per Meal, Effective 7/1/09 (24.2 pay periods) | | 41,200 | 41,200 | 41,200 |
| Total Second Year | | \$ 7,275,793 | \$ 8,994,442 | \$ 8,994,442 |
| Third Year (FY 11) | | | | |
| 3% General Wage Increase, Effective 7/1/10 (24.1 pay periods) | | | \$ 5,768,776 | \$ 6,223,576 |
| Annual Increments | | | 1,038,939 | 2,238,784 |
| Lump Sum Bonuses for New Employees at Maximum | | | 364,796 | 364,796 |
| Increase Snow and Ice Premium Removal Differential from \$1.60/hour to \$1.70/hour, Effective 7/1/10 (24.1 pay periods) | | | 30,898 | 33,334 |
| Total Third Year | | | \$ 7,203,410 | \$ 8,860,491 |

| Contract Items [1] | FY 11 | | | |
|------------------------------------------------|--------------|---------------|---------------|---------------|
| | FY 09 | FY 10 | FY 11 | Annualized |
| Total Contract Items | \$ 3,644,689 | \$ 12,320,337 | \$ 21,242,396 | \$ 22,899,477 |
| Impact on Part-time Employees | 82,400 | 414,600 | 751,300 | 839,000 |
| Impact on Overtime and Holiday Premium Pay | 533,300 | 1,802,800 | 3,147,300 | 3,392,800 |
| Social Security Costs | 325,920 | 1,112,137 | 1,923,286 | 2,075,543 |
| Total Cost of Contract | \$ 4,586,309 | \$ 15,649,874 | \$ 27,064,282 | \$ 29,206,820 |
| Estimated General Fund Cost of Contract | \$ 2,135,900 | \$ 7,191,100 | \$ 12,419,200 | \$ 13,459,100 |
| Estimated Transportation Fund Cost of Contract | \$ 1,838,584 | \$ 6,313,955 | \$ 10,966,746 | \$ 11,817,554 |
| Estimated Other Funds Cost of Contract | \$ 611,825 | \$ 2,144,819 | \$ 3,678,336 | \$ 3,930,166 |

[1] This cost analysis is based on annual costs equaling the payment of 26 payrolls.

[2] In FY 08, \$1,698,674 was spent on lump sum payments for employees at maximum, so the increase over FY 08 is \$705,626.

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either House thereof for any purpose.